

CMA093	Las Vegas, NV
CMA094	Saginaw-Bay City-Midland, MI
CMA096	Fort Wayne, IN
CMA097	Bakersfield, CA
CMA099	York, PA
CMA101	Beaumont-Port Arthur, TX
CMA103	Peoria, IL
CMA104	Newport News-Hampton, VA
CMA107	Stockton, CA
CMA110	Huntington-Ashland, WV/KY/OH
CMA111	Vallejo-Fairfield-Napa, CA
CMA112	Corpus Christi, TX
CMA114	Lakeland-Winter Haven, FL
CMA116	Lexington-Fayette, KY
CMA117	Colorado Springs, CO
CMA118	Reading, PA
CMA121	Trenton, NJ
CMA122	Binghamton, NY
CMA123	Santa Rosa-Petaluma, CA
CMA127	Pensacola, FL
CMA128	McAllen-Edinburg-Mission, TX
CMA129	South Bend-Mishawaka, IN
CMA131	Rockford, IL
CMA132	Kalamazoo, MI
CMA133	Manchester-Nashua, NH
CMA134	Atlantic City, NJ
CMA137	Melbourne-Titusville-Palm Bay, FL
CMA138	Macon-Warner Robins, GA
CMA142	Modesto, CA
CMA144	Orange County, NY
CMA145	Hamilton-Middletown, OH
CMA146	Daytona Beach, FL
CMA149	Fayetteville, NC
CMA151	Poughkeepsie, NY
CMA154	New London-Norwich, CT
CMA160	Killeen-Temple, TX
CMA161	Lubbock, TX Counties - Lubbock
CMA162	Brownsville-Harlingen, TX
CMA164	Fort Myers, FL Counties - Lee
CMA167	Sarasota, FL
CMA168	Tallahassee, FL
CMA171	Reno, NV
CMA174	Lafayette, LA
CMA177	Battle Creek, MI
CMA180	Springfield, OH
CMA181	Muskegon, MI
CMA184	Houma-Thibodaux, LA
CMA185	Terre Haute, IN

CMA188	Amarillo, TX
CMA191	Yakima, WA
CMA192	Gainesville, FL
CMA193	Benton Harbor, MI
CMA196	Champaign-Urbana-Rantoul, IL
CMA197	Lake Charles, LA
CMA207	Jackson, MI
CMA208	Fort Pierce, FL
CMA209	Clarksville-Hopkinsville, TN/KY
CMA211	Bradenton, FL
CMA212	Bremerton, WA
CMA214	Richland-Kennewick-Pasco, WA
CMA215	Chico, CA
CMA223	Elkhart-Goshen, IN
CMA228	Vineland-Millville-Bridgeton, NJ
CMA231	Mansfield, OH
CMA241	Pueblo, CO
CMA242	Olympia, WA
CMA244	Kenosha, WI
CMA245	Ocala, FL
CMA247	Lafayette, IN
CMA249	Anniston, AL
CMA250	Bloomington-Normal, IL
CMA256	Charlottesville, VA
CMA257	Hagerstown, MD
CMA270	Bellingham, WA
CMA274	Yuba City, CA
CMA278	Columbia, MO
CMA281	Laredo, TX
CMA283	Panama City, FL
CMA287	Bryan-College Station, TX
CMA294	San Angelo, TX
CMA295	Midland, TX
CMA296	Iowa City, IA
CMA300	Victoria, TX
CMA318	Arizona 1 - Mohave
CMA321	Arizona 4 - Yuma
CMA322	Arizona 5 - Gila
CMA323	Arizona 6 - Graham
CMA342	California 7 - Imperial
CMA357	Connecticut 1 - Litchfield
CMA359	Delaware 1 - Kent
CMA360	Florida 1 - Collier
CMA361	Florida 2 - Glades
CMA362	Florida 3 - Hardee
CMA363	Florida 4 - Citrus
CMA364	Florida 5 - Putnam
CMA366	Florida 7 - Hamilton

CMA370	Florida 11 - Monroe
CMA386	Hawai 2 - Maui
CMA394	Illinois 1 - Jo Davie
CMA449	Kentucky 7 - Trimble
CMA459	Louisiana 6 - Iberville
CMA460	Louisiana 7 - West Feliciana
CMA468	Maryland 2 - Kent
CMA469	Maryland 3 - Frederick
CMA478	Michigan 7 - Newaygo
CMA480	Michigan 9 - Cass
CMA514	Missouri 11 - Moniteau
CMA545	Nevada 3 - Storey
CMA546	Nevada 4 - Mineral
CMA572	North Carolina 8 - Northampton
CMA579	North Carolina 15 - Cabarrus
CMA585	Ohio 1 - Williams
CMA586	Ohio 2 - Sandusky
CMA588	Ohio 4 - Mercer
CMA589	Ohio 5 - Hancock
CMA590	Ohio 6 - Morrow
CMA591	Ohio 7 - Tuscarawas
CMA592	Ohio 8 - Clinton
CMA593	Ohio 9 - Ross
CMA621	Pennsylvania 10 - Bedford
CMA629	South Carolina 5 - Georgetown
CMA633	South Carolina 9 - Lancaster
CMA651	Tennessee 9 - Maury
CMA659	Texas 8 - Gaines
CMA670	Texas 19 - Atascosa
CMA671	Texas 20 - Wilson
CMA676	Utah 4 - Beaver
CMA690	Virginia 10 - Frederick
CMA691	Virginia 11 - Madison
CMA693	Washington 1 - Clallam
CMA698	Washington 6 - Pacific

APPENDIX C MARKET-SPECIFIC ANALYSIS

EXAMINATION OF MARKETS IDENTIFIED BY SUBSCRIBER ABSORPTION CAPACITY (SAC) ANALYSIS

As set forth in the Memorandum Opinion and Order,⁴³⁶ our in-depth analysis of all mobile telephony markets flagged by our initial screen for further review has three parts: a general examination of the possibility of coordinated interaction; a general examination of the possibility of unilateral effects; and, finally, a more granular examination of individual local markets. In undertaking the in-depth analysis, we have looked at data presented by CEA and by the smaller CMA regions, and we have also considered how circumstances vary within these regions.⁴³⁷ In our analysis of each of these markets, we have found that competitive harm is unlikely, primarily because post-merger there will be a continuing presence of multiple other carriers with the capacity to add subscribers. In addition, we have found no local markets that are exceptions to this general conclusion, and thus none for which a localized divestiture condition would be appropriate. This is largely a result of the fact that neither Sprint nor Nextel were among the early A and B block cellular providers when mobile telephony was licensed on a duopoly basis. Rather, in markets where Sprint and Nextel both are substantially built-out, there are at least two other providers with a significant presence (the original A and B block cellular providers or their successors-in-interest), and often more than two other providers.

In this Appendix, we take the additional step of examining, in detail, the seven specific markets of potential concern identified in the Subscriber Absorption Capacity (SAC) analysis submitted by Applicants.⁴³⁸ The SAC test examined BTA markets and identified seven in which there might be the potential that competing firms might not be able to absorb ten percent or more of the subscribers of the proposed merged entity. We analyze these markets by BTAs because the SAC analysis uses these markets; we also note that our conclusions would not be altered if we instead had focused primarily on the CEA or CMA areas that overlap these BTAs.⁴³⁹ Based on consideration of the same set of variables we applied in examining CEAs and CMAs, plus discussion of the SAC analysis, we determine that competitive harm is unlikely in any of these BTAs.

The market share and HHI data are computed using two data sources: (1) data compiled in our Numbering Resource Utilization / Forecast (NRUF) database, which tracks phone number usage by all telecommunications carriers, including wireless carriers, in the United States; and (2) data submitted by certain carriers in response to our information request in this proceeding. These sources yield two sets of

⁴³⁶ See *infra* Section V.B.2(a)-(c).

⁴³⁷ In undertaking this analysis, we considered variables that the general analyses indicate are important for predicting the incentives of the merged entity and potential responses of rivals. These included: the number and identity of rival carriers; the number of firms that can offer competitive nationwide service plans; the coverage of the firms' respective networks; the market's concentration and change in concentration; the merged entity's post-transaction market share; the share of spectrum suitable for the provision of mobile telephony services controlled by the combined entity; and the spectrum holdings of each of the rival carriers identified. In reaching determinations on specific markets, we balanced these factors on a market-specific basis, and considered the totality of the circumstances in each market. See *id.*

⁴³⁸ We use the Applicants' revised SAC analysis, which is contained in the Applicants' response to Information Request Sprint 13/Nextel 12.

⁴³⁹ Note that had we run our initial screen using BTAs instead of CEAs or CMAs, these seven BTAs would have been included among the markets identified by our initial screen criteria as requiring further analysis.

market share and HHI figures. We used the June 2004 NRUF data to compute "NRUF HHIs." In addition, we computed "Blended HHIs" using December 2004 data received in response to our request in this proceeding.⁴⁴⁰ Although the figures derived from these sources give different results in some cases (expressed in the ranges given below), our analysis does not rely solely on market shares to determine which markets are likely to experience competitive harm as a result of this transaction. We also analyze carrier launch and coverage information available from a variety of public sources which provide geographic service provision data, and spectrum holdings, which we obtained from our licensing databases and from the Applications. Our multi-factor, market-specific analysis employs a combination of the information derived from all of the data sources described above, and it provides a reliable basis for making our determinations herein.

Big Spring, TX (BTA 40)

In the Big Spring, Texas BTA (which has a population of 40,000 and a population density of about 13 POPs/sq. mile⁴⁴¹), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers while Nextel has between [REDACTED] and [REDACTED] percent; combined, these two entities would have a post-merger share of between [REDACTED] and [REDACTED] percent. Even after the transaction, ALLTEL would continue to hold the largest market share with between [REDACTED] and [REDACTED] percent of the BTA's wireless subscribers. Also, Wes-Tex Telephone will hold between [REDACTED] and [REDACTED] percent of the wireless subscribers in this BTA.⁴⁴²

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold 58 MHz of spectrum throughout the BTA. ALLTEL holds 30 MHz in two counties and 25 MHz in the third. Wes-Tex holds 25 MHz where it offers service in the BTA. In addition, Cingular, Poka Lambro, T-Mobile, Verizon Wireless, and West Central Wireless hold spectrum in this BTA, although T-Mobile only has 5 MHz of spectrum in two of the three counties.

Nextel has network coverage in most of Howard and Glasscock counties, while Sprint has coverage in most of Howard County. Nextel's and Sprint's network coverage overlap would be approximately 94 percent of the BTA population; if combined, the merged entity would cover 97 percent of the population. ALLTEL covers 100 percent of the BTA population, T-Mobile covers 94 percent, and Wes-Tex Cellular covers 98 percent.

Conclusion. Overall, it appears that the transaction is not likely to result in competitive harm in the Big Spring, TX BTA. Although the merged entity would have a [REDACTED] post-transaction market share in this BTA, it would not [REDACTED]. ALLTEL would continue to have the [REDACTED] market share, and West-Tex's market share would be [REDACTED] with the merged entity's share. The reduction from [REDACTED] to [REDACTED] carriers with market share greater than [REDACTED] percent overstates the likely harm to competition in this BTA. The network

⁴⁴⁰ We combined the data received in response to our request with December 2004 NRUF data for carriers that were not subject to that request.

⁴⁴¹ Population and population density figures are based on 2000 Census data.

⁴⁴² In addition, although our NRUF data indicates that [REDACTED].

coverage overlap of Sprint and Nextel is limited to one out of three counties, and the reduction in the number of competitors with significant network coverage in this county is from [REDACTED] to [REDACTED]. Further, it appears that the merged entity's network coverage in BTA 40 would be just a small part of a larger service area – CEA 5800, Odessa-Midland, TX. If this larger geographic market is used for the competitive analysis, the potential harms are diminished. For example, the change in the HHI for CEA 5800 is [REDACTED]. Therefore this CEA is not identified for further review by the initial screen.

In addition, Cingular appears to be well positioned to expand service into this BTA if the merged entity were to increase price or reduce service. Cingular's [REDACTED] percent market share indicates that it is a robust competitor in CEA 5800. In addition, Cingular has network coverage in an adjacent BTA, and it holds sufficient spectrum in BTA 40 to provide mobile telephony service. Further, the ability of carriers other than the merged entity to add customers in this BTA is likely to be higher than indicated by the Applicants. Although the Applicants' SAC test indicated that rivals may not be able to absorb [REDACTED] percent of the merged entity's customers, it did not include T-Mobile in the analysis of this BTA. Although the data does not indicate that T-Mobile has subscribers in this BTA, T-Mobile's network covers over [REDACTED] percent of the BTA population, and T-Mobile holds 10 MHz of spectrum in the one county for which Sprint and Nextel have overlapping coverage (Howard County).

Midland, TX (BTA 296)

In the Midland, Texas, BTA (which has a population of 120,000 and a population density of about 66 POPs/sq. mile), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers, while Nextel has between [REDACTED] and [REDACTED] percent; if combined, these two entities would have a post-merger share of between [REDACTED] and [REDACTED] percent. There are two other carriers in this BTA with market share greater than [REDACTED] percent. Post-transaction, ALLTEL would continue to hold the largest market share with between [REDACTED] and [REDACTED] percent of the BTA's subscribers. In addition, Cingular will hold between [REDACTED] and [REDACTED] percent of the wireless subscribers in this BTA.

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold 58 MHz throughout the two counties that comprise this BTA. ALLTEL has 25 MHz of spectrum in Martin County and 35 in Midland County. Cingular has 25 MHz of spectrum in Martin County and 50 in Midland County. T-Mobile has 20 MHz of spectrum throughout the BTA. In addition, Verizon Wireless holds spectrum throughout the BTA and Poka Lambo and Wes-Tex hold spectrum in one county.

Sprint and Nextel each cover more than 98 percent of the population, while ALLTEL covers 100 percent, Cingular covers 96 percent, and T-Mobile covers 99 percent.

Conclusion. Overall, it appears that the transaction is not likely to result in competitive harm in the Midland, TX BTA. Although the merged entity would have a [REDACTED] post-transaction market share in this BTA, it would not become the market leader. ALLTEL would continue to have the highest market share and Cingular's market share would also be greater than the merged entity's share. The reduction from [REDACTED] to [REDACTED] carriers with market share greater than [REDACTED] percent overstates the likely harm to competition in this BTA. The number of competitors with

significant network coverage in this BTA will be reduced from [REDACTED] to [REDACTED]. Further, it appears that the merged entity's network coverage in BTA 296 would be just a small part of a larger service area – CEA 5800, Odessa-Midland, TX. If this larger geographic market is used for the competitive analysis, the potential harms are diminished. For example, the change in the HHI for CEA 5800 is [REDACTED]. Therefore this CEA is not identified for further review by the initial screen.

In addition, the ability of carriers other than the merged entity to add customers in this BTA is likely to be higher than indicated by the Applicants. Although the Applicants' SAC test indicated that rivals may not be able to absorb [REDACTED] percent of the merged entity's customers, it did not include T-Mobile in the analysis of this BTA. Although the data does not indicate that T-Mobile has subscribers in this BTA, T-Mobile's network covers over [REDACTED] percent of the BTA population, and T-Mobile holds 20 MHz of spectrum throughout the BTA.

Charlottesville, VA (BTA 75)

In the Charlottesville, VA BTA (which has a population of 230,000 and a population density of about 79 POPs/sq. mile), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers, while Nextel has between [REDACTED] and [REDACTED] percent; combined, these two entities would have a post-merger share of [REDACTED] and [REDACTED] percent. The other carriers with market share in this BTA are ALLTEL, with between [REDACTED] and [REDACTED] percent of the subscribers, Triton PCS⁴⁴³ with between [REDACTED] and [REDACTED] percent, NTelos with between [REDACTED] and [REDACTED] percent, US Cellular with between [REDACTED] and [REDACTED] percent, Verizon Wireless with between [REDACTED] and [REDACTED] percent, and T-Mobile with between [REDACTED] and [REDACTED] percent.

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold 60 MHz throughout the BTA. ALLTEL has 25 MHz of spectrum throughout the BTA. NTelos has 20 MHz of spectrum throughout the BTA. US Cellular has 25 MHz of spectrum in Albemarle, Buckingham, Fluvanna, and Greene counties, and the city of Charlottesville. In addition, Cingular, T-Mobile, Triton PCS, Urban Comm, Verizon Wireless, and Virginia Cellular hold spectrum in this BTA.

Sprint has network coverage in five out of seven counties and in Charlottesville City, and Nextel has network coverage in five counties and Charlottesville City. Nextel and Sprint have overlapping network coverage in most of Albemarle and Greene and parts of Madison, Nelson, and Fluvanna counties. The network coverage overlap is approximately 61 percent of the BTA population, and if combined, the merged entity would cover 71 percent of the population. ALLTEL covers 100 percent, NTelos covers 52 percent, and US Cellular covers 77 percent.

Conclusion. Overall, it appears that the transaction is not likely to result in competitive harm in the Charlottesville, VA BTA. Although the merged entity would have a [REDACTED] post-transaction

⁴⁴³ Triton PCS has filed an application to assign its spectrum in BTA075 to Cingular. Further, Triton has sold its network and subscriber contracts to Cingular in this BTA. See ULS File No. 0001963918.

market share in this BTA, it would [REDACTED]. ALLTEL would [REDACTED] market share. Also, the proposed transaction, which would combine the [REDACTED] and [REDACTED] largest carriers in terms of market share, would only decrease the number of carriers with a greater than [REDACTED] percent share from [REDACTED] to [REDACTED]. Further, three of these carriers, [REDACTED], either appear to cover more of the population than Sprint and Nextel combined, or have coverage somewhat similar to Sprint and Nextel. These carriers do appear to have sufficient capacity to absorb customers if the merged entity were to raise price or reduce service following the transaction.

Detroit, MI (BTA 112)

In the Detroit, Michigan BTA (which has a population of 4,970,000 and a population density of about 793 POPs/sq. mile), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers and Nextel has between [REDACTED] and [REDACTED] percent; combined, these two entities would have a post-merger share of between [REDACTED] and [REDACTED] percent. There are three other carriers in this BTA with market share greater than [REDACTED] percent. The other carriers with market share are Verizon Wireless, with between [REDACTED] and [REDACTED] percent of the wireless subscribers, Cingular with between [REDACTED] and [REDACTED] percent, T-Mobile with between [REDACTED] and [REDACTED] percent, and ALLTEL, Dobson, and Thumb Cellular with [REDACTED].

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold 56 MHz throughout the BTA. Cingular holds 65 MHz in Lapeer, Livingston, Macomb, Oakland, St Clair Washtenaw, and Wayne counties, and 40 MHz in Monroe, and Sanilac counties. T-Mobile holds 30 MHz throughout the BTA. Verizon Wireless holds 35 MHz in all counties except Sanilac where it holds 10 MHz. In addition, Metro PCS holds spectrum throughout the BTA, and ALLTEL, Dobson, and Thumb Cellular hold spectrum in one county each in this BTA.

Sprint and Nextel have significant overlapping coverage in eight out of nine counties in this BTA, all counties except Sanilac. The network coverage overlap is approximately 98 percent of the BTA population, and if combined the merged entity would cover 99 percent of the population. Cingular covers 99 percent, T-Mobile covers 97 percent, and Verizon Wireless covers 99 percent.

Conclusion. Overall, it appears that the transaction is unlikely to result in competitive harm in the Detroit, MI BTA. Although the merged entity would have a [REDACTED] post-transaction market share in this BTA, there will be three other national carriers with significant market share post-transaction. Also, the proposed transaction, which would combine the [REDACTED] and [REDACTED] largest carriers in terms of market share, would decrease the number of carriers with a greater than [REDACTED] percent share from [REDACTED] to [REDACTED]. Further, the other three national carriers cover more than [REDACTED] percent of the BTA population. Therefore, these carriers have sufficient network coverage to attract customers if the merged entity were to raise price or reduce service following the transaction.

In addition, as the Applicants acknowledge, their SAC test did not take into account the 10 MHz of spectrum that Verizon Wireless acquired earlier this year from NextWave. This additional spectrum will substantially enhance the ability of Verizon Wireless to absorb additional customers in this BTA.

Mount Pleasant, MI (BTA 307)

In the Mount Pleasant, Michigan, BTA (which has a population of 140,000 and a population density of only about 80 POPs/sq. mile), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers while Nextel has between [REDACTED] and [REDACTED] percent; combined, these two entities would have a post-merger share of between [REDACTED] and [REDACTED] percent. There are four other carriers in this BTA with market share greater than [REDACTED] percent: ALLTEL with between [REDACTED] and [REDACTED] percent of the subscribers, Centennial Cellular with between [REDACTED] and [REDACTED] percent, and Dobson with between [REDACTED] and [REDACTED] percent.⁴⁴⁴

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold 58.5 MHz throughout the BTA. ALLTEL has 25 MHz of spectrum throughout the BTA, and Centennial Cellular has 25 MHz of spectrum throughout the BTA. In addition, Cingular, Dobson,⁴⁴⁵ Lite-Wave Communications, Salmon PCS, and Verizon Wireless⁴⁴⁶ hold spectrum in this BTA.

Nextel has [REDACTED] network coverage throughout the BTA, while Sprint has [REDACTED] coverage throughout the BTA. The coverage overlap covers 65.9 percent of the BTA population, and if combined the merged entity would cover 80 percent. ALLTEL covers 99.5 percent of the population and Centennial Cellular covers 85.5 percent. Dobson and Verizon Wireless cover small portions of the population.

Conclusion. Overall, it appears that the transaction is not likely to result in competitive harm in the Mount Pleasant, MI BTA. Although the merged entity would have a [REDACTED] post-transaction market share in this BTA, it is unlikely that the merged firm would become the market leader.⁴⁴⁷ ALLTEL likely would continue to have the highest market share. Also, the proposed transaction would decrease the number of carriers with a greater than [REDACTED] percent share from [REDACTED] to [REDACTED]. Further, two of these carriers, ALLTEL and Centennial Cellular, cover more than [REDACTED] percent of the BTA population, and they appear to have sufficient capacity to absorb

⁴⁴⁴ In addition, although our NRUF data indicates that Verizon Wireless does not have subscribers in this BTA, the billing data indicates that Verizon Wireless has [REDACTED] percent of the market.

⁴⁴⁵ Alpine PCS Debtor in Possession filed an application to assign its license in BTA 307 to Dobson. The Commission consented to this application on May 25, 2005. A consummation notification has not been filed for this license. See ULS File No. 0001885064. Also, Lite Wave Communications, LLC filed an application to assign its license in BTA 307 to Dobson. The Commission consented to this application on July 5, 2005. A consummation notification has not been filed for this license. See ULS File No. 0002182069.

⁴⁴⁶ Leap filed an application to assign its license in BTA 307 to Verizon Wireless. The Commission consented to this application on June 22, 2005. A consummation notification has not been filed for this license. See ULS File No. 0002099501.

⁴⁴⁷ The market share numbers obtained from the different data sources indicate that there is some potential for the merged entity to have the highest market share in this BTA, although it appears more likely that ALLTEL would hold the largest post-transaction market share.

customers if the merged entity were to raise price or reduce service following the transaction.

Washington DC (BTA 461)

In the Washington DC BTA (which has a population of 4,770,000 and a population density of about 795 POPs/sq mile), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers and Nextel has between [REDACTED] and [REDACTED] percent; combined these two entities would have a post-merger share of between [REDACTED] and [REDACTED] percent. There are three other carriers in this BTA with market share greater than [REDACTED] percent: Verizon Wireless, with between [REDACTED] and [REDACTED] percent of the subscribers, Cingular with between [REDACTED] and [REDACTED] percent, and T-Mobile with between [REDACTED] and [REDACTED] percent.

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold 59 MHz throughout the BTA. Cingular holds 65 MHz in District of Columbia, Calvert, Charles, Montgomery, Prince George's, St. Mary's, Arlington, Culpepper, Fairfax, Loudoun, Prince William, Jefferson, Stafford counties, and Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park cities, and 40 MHz in Fauquier, Frederick, and Rappahannock counties. T-Mobile holds 20 MHz throughout the BTA. Verizon Wireless holds 55 MHz in District of Columbia, Calvert, Charles, Frederick, Montgomery, Prince George's, St. Mary's, Arlington, Culpepper, Fairfax, Fauquier, Loudoun, Prince William, Rappahannock, and Stafford counties, and Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park cities, and 30 MHz in Jefferson County. In addition, ALLTEL, Dobson, and US Cellular hold spectrum in this BTA.

Sprint and Nextel have significant overlapping coverage in all counties except Jefferson, Rappahannock, and Culpepper. This overlap covers over 90 percent of the BTA's population, and if combined, the merged entity would cover over 98 percent of the population. Cingular covers 99.6 percent, T-Mobile covers 93.2 percent, and Verizon Wireless covers 98.7 percent.

Conclusion. Overall, it appears that the transaction is not likely to result in competitive harm in the Washington, DC BTA. The transaction would lead to a [REDACTED] market share for the merged entity. However, there will remain four national carriers with significant market share post-transaction. The proposed merger would decrease the number of carriers with greater than [REDACTED] percent of the market from [REDACTED] to [REDACTED]. In addition, the three other nationwide carriers cover more than [REDACTED] percent of the BTA population. Therefore, these carriers have sufficient network coverage to attract customers if the merged entity were to raise price or reduce service following the transaction. Several other carriers also have spectrum and these potential entrants may provide some added constraint on the merged entity's behavior. In addition, as the Applicants acknowledge, their SAC test did not take into account the 20 MHz of spectrum recently purchased by Verizon Wireless from NextWave. This additional spectrum would substantially enhance the ability of Verizon Wireless to absorb additional customers in this BTA.

Los Angeles, CA (BTA 262)

In the Los Angeles, California BTA (which has a population of 16,390,000 and a population

density of about 369 POPs/sq mile), Sprint has between [REDACTED] and [REDACTED] percent of the wireless subscribers, while Nextel has between [REDACTED] and [REDACTED] percent; combined, the merged entity would have a post-merger share of between [REDACTED] and [REDACTED] percent. The other carriers with market share in this BTA are Cingular, with between [REDACTED] and [REDACTED] percent of the wireless subscribers, Verizon Wireless with between [REDACTED] and [REDACTED] percent, and T-Mobile with between [REDACTED] and [REDACTED] percent.

The post-merger HHI in the BTA would be between [REDACTED] and [REDACTED], with an increase of between [REDACTED] and [REDACTED] from the current figure. Based on the additional analysis below, however, we conclude that the level of competition in this BTA, post-transaction would be more robust than the HHI figures suggest for several reasons.

The merged entity would hold from 54.55 MHz to 57.25 MHz throughout the BTA, with the variation depending on Nextel's spectrum holdings in individual counties. Cingular holds 40 MHz in Inyo County and 65 MHz in all the other counties⁴⁴⁸. Verizon Wireless holds 55 MHz throughout the BTA, and T-Mobile holds 20 MHz throughout the BTA. In addition, ALLTEL holds spectrum in Inyo County (and has launched service there), and Metro PCS was the winning bidder in Auction No. 58 for a 10 MHz license in this BTA.

Sprint has network coverage in parts of five out of six counties in this BTA (all but Inyo County) and Nextel has coverage in parts of all six counties. The 5-county network coverage overlap covers approximately 95 percent of the BTA population. If combined, the merged entity would cover 99.6 percent of the population. Cingular covers 99.9 percent, Verizon Wireless covers 100 percent, and T-Mobile covers 89.8 percent.

Conclusion. Overall, it appears that the transaction is not likely to result in competitive harm in the Los Angeles, CA BTA. Although the merged entity would have a [REDACTED] post-transaction market share in this BTA, there will be three other national carriers in this BTA with significant market share post-transaction, and the merged firm would [REDACTED]. Also, the proposed transaction would combine only the [REDACTED] and [REDACTED] largest carriers in terms of market share. Further, there would remain four carriers with greater than [REDACTED] percent of the market. In addition, the other three national carriers cover more than [REDACTED] percent of the BTA population and these carriers have sufficient network coverage to attract customers if the merged entity were to raise price or reduce service following the transaction. Finally, the Applicants' SAC analysis did not take into account the 10 MHz of spectrum that Verizon Wireless acquired earlier this year from NextWave, nor did it take into account MetroPCS's winning bid for 10 MHz of spectrum in Auction No. 58. This additional spectrum will enhance the ability of Verizon Wireless and MetroPCS to absorb additional customers in this BTA.

⁴⁴⁸ Cingular is leasing 20 MHz of spectrum to T-Mobile in Inyo, L.A., Orange, Riverside, San Bernadino, and Ventura Counties. This lease is a long-term, de facto lease.

STATEMENT OF
COMMISSIONER KATHLEEN Q. ABERNATHY

In the Matter of Applications of Nextel Communications, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 05-63.

Today, we inject a healthy and strengthened dose of intermodal competition into an already competitive U.S. communications market. By approving this transaction, we allow the creation of the nation's largest independent wireless carrier; one that will be a stronger and more robust competitor to wireline and other nationwide wireless carriers. While I have agreed to support the conditions mutually agreed upon between the Applicants and some of my colleagues, I am pleased that we do not impose extensive and unnecessary conditions on our approval. It would be a mistake to hamstring the merged entity's ability to provide the anticipated pro-competitive services to U.S. consumers.

**STATEMENT OF
COMMISSIONER MICHAEL J. COPPS**

In the Matter of Applications of Nextel Communications, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 05-63.

Our data convinces me that this merger is not likely to reduce competition to an unacceptable level in markets where the two companies overlap. In most markets Nextel and Sprint are not market share leaders. As a consequence, the merger of these companies does not give the combined entity a dominant position or even the largest market share in most markets. Sprint Nextel, however, will be the market share leader in a small number of markets. But in most of these markets four or more substantial competitors will continue to compete post-merger. In most of the rest of these markets, one or the other applicant has little or no market share, so the merger does not significantly change the competitive situation.

As the Order notes, however, while this merger does not create market dominance in any particular market, it is part of a trend that merits close and continuing monitoring by the Commission. In less than a year mergers have reduced the number of national wireless competitors by one third. Only last year consumers could choose between six national carriers. There are now only four. The average US market's HHI score has grown from 2,900 (before the Cingular/AT&T merger) to 3,100 (after the Cingular/AT&T merger) to 3,300 (after the Nextel/Sprint merger). That means that consumers in the average community now have the equivalent of only 3.03 equal sized competitors—national, regional and local combined. While I am sensitive to the arguments that six national competitors could not have been forever sustained in the wireless market, I am also concerned about what this substantial reduction in the number of competitors may mean for wireless consumers. The FCC will have to take a hard look at whether we have gone about as far as we can go.

Apart from our market-by-market analysis, the FCC must also judge whether the merged entity will act in the public interest and whether the applicants have the requisite "citizenship, character, financial, technical, and other qualifications." Measuring a company's compliance with FCC public safety rules is, to my mind, central to this determination. Under our 911 public safety rules, ninety-five percent of the applicants' customers must have handsets that can locate a caller when they place a 911 call by the end of this year. Nextel has admitted that it will violate this rule and will miss the deadline by an alarming two years.

I believe we should have conditioned approval of this merger on Sprint Nextel either meeting its 911 deadline, or having a waiver or consent decree in place. We should have insisted that Sprint Nextel immediately get itself on a path to full public safety compliance. I am disappointed that we do not do more today to ensure compliance with our public safety deadline. I hope that we do not pay a price for this decision, because Nextel's efforts to comply with our rules do not seem to be working. I am pleased, however, that the company is considering stepping up its efforts to comply with our public safety rules by, for example, offering cash incentives to spur necessary upgrades. But whatever efforts Sprint Nextel now takes, unless the company has a waiver or consent decree approved by the FCC, it must still meet its December 31, 2005 deadline. If it does not do so, and if there is no acceptable waiver or consent decree in place, today's Order states explicitly that the Commission "will not hesitate to take enforcement action."

Finally, I want to commend my colleague Commissioner Adelstein for his hard work on this item, particularly on issues related to the 2.5 GHz band and the wireline spin-off. I was pleased to support his effort to obtain a condition that the merged entity must meet wireless broadband deployment milestones using its 2.5 GHz holdings. This is vitally important spectrum that needs to be utilized fully. I hope that

these milestones will bring consumers some much needed broadband competition. I am also happy to support the condition related to the merged entity's wireline spin-off. This will help ensure that the spin-off company is not weighted down by misallocations that could inhibit its ability to compete. The merged entity has committed that the "LTD Holding Company will receive an equitable debt and asset allocation at the time of its proposed spin-off so that the company will be a financially secure, Fortune 500 company." The continued strength of this company is critically important to its workers and its customers. The Commission will monitor this commitment when we review the merged entity's application to effectuate this spin-off.

Thanks to the merger team for all their hard work in bringing this proceeding to us today.

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN**

*In the Matter of Applications of Nextel Communications, Inc. and Sprint Corporation For
Consent to Transfer of Control of Licenses and Authorizations, WT Docket No. 05-63.*

While I am somewhat troubled by the recent trend of consolidation among mobile wireless carriers, I support this merger because it is critical to have a strong independent carrier in the wireless industry to rival those wireless providers that are predominantly controlled by regional bell operating companies. Approving this merger will better balance the competitive landscape by granting Sprint Nextel similar scale and scope to the nation's largest nationwide carriers.

Compared to the original cellular providers, Sprint and Nextel are relative newcomers to the mobile wireless industry, and they have taken different paths to achieve their recent industry success. Sprint aggressively rolled out the first digital Personal Communications Service network, while Nextel transformed the 800 and 900 MHz Specialized Mobile Radio bands with its own service offering, including a well known push to talk feature. I am hopeful that this merger will allow the companies to continue to develop together their unique product offerings and services and build on their respective strengths for the benefit of consumers. We want to see innovation like this succeed. Indeed, it will be critical for telecommunications competition in the future.

In this vein, I am very pleased that the companies have committed to specific milestones in the deployment of services in the 2.5 GHz band. I initially had concerns about Sprint Nextel amassing such a wide swath of spectrum in this band without providing any clear plan for deployment. I raised these issues with the companies, and have been encouraged by their response. They met my concerns head on by providing a specific schedule of implementation milestones that will ensure wireless broadband services will be deployed to at least 30 million Americans across a number of markets, both large and small. And, just as important, they put their money where their mouth is by agreeing to be subject to enforcement action in the event Sprint Nextel fails to meet these commitments for reasons of circumstances within the company's control.

This truly is a banner commitment for the wireless broadband industry. It is said that a rising tide lifts all boats, and I believe that the Sprint Nextel investment will help all providers in the 2.5 GHz band. This level of effort will benefit to all stakeholders in the band, particularly Education Broadband Services licensees and the equipment and vendor communities. The infusion of capital into this market should significantly stimulate product and service offerings that ultimately will benefit both the commercial and educational segments of the 2.5 GHz industry.

Finally, I also appreciate the company's efforts to address my concerns about the financial health of the spin-off of the incumbent local telephone operations. In a recent filing, the Chief Executive Officers of both Sprint and Nextel indicated that the new local telephone company "will receive an equitable debt and asset allocation at the time of its proposed spin-off so that the company will be a financially secure, Fortune 500 company." This positive step will protect Sprint's wireline employees and ensure millions of primarily rural wireline customers continue to see a high level of service and investment in advanced services.